

Message Text

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ALSO FOR FODAG, NESCO, UNIDO, ICAO, USIAEA

E.O. 11652: N/A

TAGS: AORG, UN

SUBJECT: UNITED NATIONS: REPORT ON ADMINISTRATIVE AND
BUDGETARY DEVELOPMENTS AT 32ND UNGA

REF: STATE 000207

1. REFTEL NOTED THAT USDEL STATEMENT ON REPORT OF COMMITTEE
ON CONTRIBUTIONS RE UN SCALE OF ASSESSMENTS WOULD BE SENT
SEPTTEL.

2. TEXT OF THIS STATEMENT (EXCEPT FOR INTRODUCTION)
DELIVERED BY CONGRESSMAN LESTER L. WOLFF, U.S. REPRESENTA-
TIVE IN COMMITTEE FIVE, FOLLOWS:

QUOTE. WE NOTE THAT THE REPORT (OF THE COMMITTEE ON CON-
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TRIBUTIONS) IN PARAGRAPHS 10 THROUGH 22 SUMMARIZES THE
EXHAUSTIVE EFFORTS OF THE COMMITTEE TO DEVELOP ECONOMIC AND
SOCIAL INDICATORS ADDITIONAL TO THE AGGREGATE OF NATIONAL
INCOME EXPRESSED IN MONETARY TERMS. WE HAVE THEREBY BEEN
INTRODUCED TO THE EVIDENCE UPON WHICH THE COMMITTEE ON
CONTRIBUTIONS HAS BASED ITS UNQUALIFIED CONCLUSION IN
PARAGRAPH 22 THAT "NATIONAL INCOME IS THE ONLY SINGLE

INDICATOR WHICH CAN BE STATISTICALLY COMPILED FOR ALL

COUNTRIES AND THEREFORE UTILIZED AS THE PRINCIPAL MEASURE OF CAPACITY TO PAY."

WE ALSO HAVE BEEN GIVEN IN PARAGRAPH 51, THE ACTUAL EFFECT OF THE PRESENT LOW PER CAPITA INCOME FORMULA. WE OBSERVE THAT THE OPERATION OF THIS FORMULA SERVES TO TRANSFER 5.81 PERCENTAGE POINTS FROM THE LOW PER CAPITA MEMBERS TO THE HIGH PER CAPITA MEMBERS AND WE CAN COMPUTE THAT IN MONETARY TERMS THIS WOULD EQUATE TO MORE THAN 23 MILLION DOLLARS OUT OF AN ASSESSED BUDGET OF ALMOST 400 MILLION DOLLARS.

WE LEARN ADDITIONALLY FROM THE REPORT (PARAGRAPH 60) THAT "A NOT INSIGNIFICANT SHIFT FROM LOW TO HIGH PER CAPITA INCOME COUNTRIES HAD TAKEN PLACE AS A CONSEQUENCE OF THE EXTENSION OF THE BASE PERIOD TO SEVEN YEARS."

FINALLY, WE FIND OUT FROM PARAGRAPH 54 THAT REDUCTIONS WERE MADE IN ADDITION TO THE SUBSTANTIAL DECREASE AFFORDED BY THE LOW PER CAPITA INCOME FORMULA AND THE EXTENSION OF THE BASE PERIOD TO SEVEN YEARS. WE SEE, HOWEVER, THAT THE COMMITTEE WAS NOT IN FULL AGREEMENT ON THE ADVISABILITY OF THESE ADDITIONAL MITIGATIONS. PARAGRAPH 54 DESCRIBES THE DIFFERING VIEWS WITHIN THE COMMITTEE.

"DIFFERENCES OF OPINION AROSE IN THE COMMITTEE OVER THE JUSTIFICATION OF ANY FURTHER MITIGATIONS. IN THE VIEW OF SOME MEMBERS, THE ADOPTION OF THE SEVEN-YEAR BASE PERIOD (WHICH RETARDED SIGNIFICANTLY THE EFFECTS OF STEEP RISES UNCLASSIFIED

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IN NATIONAL INCOMES IN RECENT YEARS DUE TO DOMESTIC INFLATION NOT OFFSET BY APPROPRIATE EXCHANGE RATE CHANGES, THE APPRECIATION OF CURRENCIES AND OTHER CAUSES) AND THE APPLICATION OF THE LOW PER CAPITA INCOME ALLOWANCE FORMULA, IN THEMSELVES, PROVIDED A SUFFICIENT MEASURE OF RELIEF. THEY POINTED OUT, FURTHERMORE, THAT, IF INCREASES BETWEEN TWO SUCCESSIVE SCALES WHICH WERE JUSTIFIED BY RELATIVE CHANGES IN NATIONAL INCOMES WERE TO BE MITIGATED, THEN DECREASES JUSTIFIED ON SIMILAR GROUND WOULD NOT BE POSSIBLE IN THE JUDGMENT OF ONE MEMBER, SUCH ADDITIONAL CONCESSIONS AS THE COMMITTEE MIGHT GIVE SHOULD BE CONFINED TO COUNTRIES WITHIN THE LDC AND MSA CATEGORIES. NOTWITHSTANDING THE VIEWS OF THESE MEMBERS, THE COMMITTEE EXERCISED ITS JUDGMENT, TO THE EXTENT PRACTICABLE, IN ALLEVIATING INCREASES IN INDIVIDUAL RATES OF ASSESSMENT."

THUS, WE SEE THAT THERE HAVE BEEN THREE BRANCHES OF REDUCTIONS: FIRST, THOSE FROM THE OPERATION OF THE LOW PER CAPITA INCOME FORMULA; SECOND, THOSE FROM THE EXTENSION OF THE STATISTICAL BASE PERIOD TO SEVEN YEARS; AND THIRD, THOSE FURTHER MITIGATIONS AT THE DISCRETION OF THE COMMITTEE. THAT THE CONSEQUENCES OF THESE PRACTICES WERE QUESTIONED IS REVEALED TO US IN PARAGRAPH 64 WHERE IT IS POINT-

ED OUT "THAT, IN THE 1977 SCALE, THOSE 117 MEMBER STATES WHO WERE TERMED DEVELOPING COUNTRIES BY THE UNEF/UNDOF FORMULA WERE BEING ASSESSED AS A GROUP 11.73 PER CENT OF THE ORGANIZATION'S BUDGET. THE REMAINDER OF THE MEMBERSHIP 27 MEMBER STATES, WERE ASSESSED 88.27 PER CENT AS A GROUP." THE CALCULATIONS OF MY DELEGATION INDICATE THAT IN THE SCALE PROPOSED FOR 1978-79, THE 27 DEVELOPED MEMBER STATES WOULD BE ASSESSED 89.04 PER CENT AND THE 120 DEVELOPING COUNTRIES THE REMAINING 10.96 PER CENT. MR. CHAIRMAN, MY DELEGATION BELIEVES THESE PERCENTAGES ILLUSTRATE A CONDITION THAT COULD HAVE SERIOUS CONSEQUENCES FOR THE FINANCIAL SOVEREIGNTY OF THE ORGANIZATION. FINALLY, MR. CHAIRMAN, MY DELEGATION TAKES PARTICULAR NOTE OF PARAGRAPH 99 THROUGH 102 OF THE REPORT. IN THESE PAR-

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GRAPHS, THREE OF THE MEMBERS OF THE COMMITTEE ON CONTRIBUTIONS, INCLUDING THE EXPERT FROM THE UNITED STATES, HAVE PROVIDED SEPARATE OPINIONS. THE MAJOR ANOMALY IDENTIFIED IN THESE OPINIONS IS THAT DEVELOPING COUNTRIES WITH HUGE NATIONAL INCOMES AND SIZABLE AMOUNTS OF AVAILABLE FOREIGN CURRENCY HAVE BEEN AFFORDED REDUCTIONS OVER AND ABOVE THE BENEFITS CONFERRED BY AN EXTENSION OF THE BASE PERIOD. SUCH REDUCTIONS ARE MADE AT LEAST IN PART AT THE EXPENSE OF OTHER COUNTRIES WITH SEVERELY DEPRESSED ECONOMIES. IN THIS CONNECTION, MY DELEGATION WONDERS IF IT IS THE CAPACITY-TO-PAY PRINCIPLE THAT IS ITSELF THE PROBLEM IN SOFA AS IT IS LOGICALLY AT VARIANCE WITH "THE PRINCIPLE OF THE SOVEREIGN EQUALITY OF ALL ITS MEMBERS" UPON WHICH ARTICLE 2, PARAGRAPH 1, OF THE CHARTER INFORMS US THE UNITED NATIONS IS BASED. SOME CONSIDERATION IN ADDITION TO CONTRIBUTIONS SHOULD BE GIVEN TO A NEW GENERAL ASSEMBLY FORMULA, FOR UNDER THE CIRCUMSTANCES THERE IS A GROSS DISCREPANCY IN REAL TERMS OF THE IMBALANCE EFFECTUATED BY THE BASIC SOVEREIGNTY FORMULA SINCE IT IS AT GREAT VARIANCE FROM THE UNIVERSALLY ACCEPTED PRINCIPLE OF EQUALITY FOR ALL: ONE MAN, ONE VOTE. BE THAT AS IT MAY, THE DISCREPANCIES MY DELEGATION HAS CALLED ATTENTION TO IN THE RECOMMENDED SCALE WILL NOT ALLOW US TO GIVE IT OUR SUPPORT.

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MR. CHAIRMAN, MY DELEGATION RECOGNIZES THAT THE UNITED NATIONS AFFORDS ALL OF US AN UNPARALLELED OPPORTUNITY TO CONDUCT THE IMPORTANT BUSINESS OF THE WORLD IN WAYS THAT ARE NOT POSSIBLE THROUGH THE ORDINARY BILATERAL CHANNELS OF DIPLOMACY. OFTEN WHAT CANNOT BE DONE BILATERALLY -- OR WHAT CAN BE DONE ONLY AT GREAT COST -- CAN BE DONE IN

THESE HALLS THROUGH THE VARIOUS BODIES OF THIS ORGANIZATION BUT TO BE TRULY MULTILATERAL, THE UNITED NATIONS MUST ALSO

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SHARE ITS RESPONSIBILITIES AS WELL AS ITS BENEFITS. MY DELEGATION BELIEVES THAT THE RECOMMENDED SCALE FOR 1978-79 IS DEFICIENT IN THAT IT ACCORDS INSUFFICIENT RESPONSIBILITIES TO THOSE COUNTRIES WHOSE INCOMES HAVE RISEN DRAMATICALLY IN RECENT YEARS AND WHOSE CURRENCY RESERVES HAVE EXPANDED COMMENSURATELY. MY DELEGATION WISHES THESE FORTUNATE COUNTRIES WELL. BUT WE DO BELIEVE THEY ARE EXCESSIVELY FAVORED IN THE PROPOSED SCALE. ACCORDINGLY, WHILE RECOGNIZING THE HARD WORK AND SINCERE EFFORT OF THE COMMITTEE ON CONTRIBUTIONS, MY DELEGATION WILL BE UNABLE TO VOTE FOR THE SCALE OF ASSESSMENTS RECOMMENDED BY THE COMMITTEE. UNQUOTE.
CHRISTOPHER

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